

## STATE OF WASHINGTON

DEBORAH SENN  
STATE INSURANCE COMMISSIONER



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OFFICE OF  
**INSURANCE COMMISSIONER**  
BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF WASHINGTON

In the Matter of the Revocation )  
of the Certificate of Authority of )

No. D 98- 35

**INDUSTRIAL INDEMNITY** )  
**COMPANY** )  
**OF THE NORTHWEST** )

CONSENT ORDER

Seattle, Washington )  
an authorized insurer )

WITH

STIPULATIONS

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STIPULATIONS:

Industrial Indemnity Company of the Northwest (hereinafter called Industrial), is the holder of a certificate of authority as an insurer, which was duly and properly issued by the Washington State Insurance Commissioner. Industrial is, therefore, governed by Title 48 RCW.

This administrative action is based on allegations by the Commissioner's staff that Industrial violated RCW 48.13.030 by investing more than four percent of its assets in a single entity. Industrial admitted those allegations and brought itself into compliance with RCW 48.13.030. To resolve only the issue of Industrial's violation of RCW 48.13.030, Industrial has voluntarily executed the Consent to Order contained herein and respectfully requests the Commissioner to enter the Order contained herein.

Correspondence and documents provided by Industrial form the basis for the following stipulations.

1. RCW 48.13.030 provides that an insurer may not, without permission of the Commissioner, invest in any one entity an amount exceeding four percent of the insurer's assets.

Consent Order with Stipulations

No. D. 98- 35

Page 1 of 4

2. Without the Commissioner's prior consent, Industrial, at December 31, 1007, held the following investments that exceeded the limits provided in RCW 48.13.030 by the amounts shown:

<u>Investment</u>	<u>Par Value</u>	<u>Book Value</u>	<u>NAIC Rating</u>	<u>Statutory Limit</u>	<u>Excess</u>
Investments at 12/31/97:					
Bank of Hawaii Capital Trust I	\$5,000,000.00	\$5,018,026.33	2	\$1,345,277.92	\$3,672,748.41
Great Western Finance Trust	\$1,000,000.00	\$ 998,714.47	2	\$1,345,277.92	-0-
TeleCommunications, Inc.	\$2,500,000.00	\$2,909,594.60	3	\$1,345,277.92	\$1,564,316.68
BNP US Funding LLC	\$5,000,000.00	\$5,000,000.00	1z	\$1,345,277.92	\$3,654,722.81
Comcast Cable	\$5,000,000.00	\$5,795,562.73	2z	\$1,345,277.92	\$4,450,284.81
Paine Webber	\$3,000,000.00	\$3,113,250.57	2	\$1,345,277.92	\$1,757,972.65
Total					\$15,110,044.63

3. As of May 18, 1998, Industrial reduced its investments described above to comply with the limits of RCW 48.13.030.
4. On June 11, 1998, the Commissioner, pursuant to RCW 48.13.250, and in recognition of Industrial's reformation of its investments, issued Order Granting Approval of Special Consent Investment No. 86, which authorized Industrial to properly report its excess investments on its December 31, 1997 annual financial statement.

#### FINDINGS:

1. The Commissioner finds that Industrial, by and through the conduct described above, has violated RCW 48.13.030 that provides an insurer may not, without permission of the Commissioner, invest in any one entity an amount exceeding four percent of the insurer's assets.
2. The Commissioner further finds that Industrial has revised its investments to comply with RCW 48.13.030.
3. The Commissioner further finds that RCW 48.05.140 authorizes the revocation or

Consent Order with Stipulations

No. D. 98- 35

Page 2 of 4

suspension of the certificate of authority of Industrial, as an insurer for failing to comply with either the provisions of Title 48 RCW or the regulations promulgated thereunder.

4. The Commissioner further finds that RCW 48.05.185 authorizes, in lieu of the revocation or suspension of the certificate of authority, the assessment of a fine of not less than \$250 nor more than \$10,000 for violation of Title 48 RCW or the regulations promulgated thereunder.

#### CONSENT TO ORDER:

Based on the above and foregoing stipulations, Industrial hereby consents to a fine in the amount of \$6,000.00.

Based on the above and foregoing stipulations, Industrial voluntarily consents to the following order, with the understanding that the fine levied is in lieu of any suspension or revocation of its certificate of authority, for the conduct described herein.

Based on the above and foregoing stipulations, Industrial acknowledges its duty and obligation to fully comply with the applicable laws and regulations of Washington and of the United States.

Signed this 3<sup>rd</sup> day of ~~July~~<sup>August</sup>, 1998.

INDUSTRIAL INDEMNITY COMPANY OF THE NORTHWEST

by:  Executive Vice  
President

#### ORDER

IT IS ORDERED that pursuant to RCW 48.05.140 and 48.05.185, and the foregoing Stipulations and Consent to Order, Industrial pay a fine in the amount of \$6,000.00. Industrial shall pay this fine within 30 days from the date of this order.

Upon failure to pay this fine in full, the Insurance Commissioner shall revoke the certificate of

Consent Order with Stipulations

No. D. 98- 35

Page 3 of 4



authority of Industrial, and the fine will be recoverable in a civil action brought on behalf of the Insurance Commissioner by the Attorney General, pursuant to RCW 48.05.185.

SIGNED AND ENTERED THIS 7<sup>th</sup> day of August, 1998.

DEBORAH SENN  
Insurance Commissioner

By   
JAMES T. ODIORNE  
Deputy Insurance Commissioner



# Fremont Comp<sup>TM</sup>

Fremont Compensation Insurance Group

JOHN M. WEBER  
Assistant Vice President,  
Assistant Secretary &  
Assistant General Counsel

August 21, 1998

Accounting Department  
Washington Department of Insurance  
P. O. Box 40257  
Olympia, WA 98504-0257

Dear Madam or Sir:

Enclosed are our original consent order and our check number 52566 in the amount of \$6,000.

Sincerely,

John M. Weber

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